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Marketing and Farm Supply Cooperatives

Commercial Farmer
Membership and Use, 1980



Abstract

Marketing and Farm Supply Cooperatives: Commercial Farmer Membership and Use, 1980

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A survey of commercial farmers throughout the United States showed 57 percent were members of marketing/farm supply cooperatives in 1980. An additional 14 percent used those cooperatives as nonmember patrons. Thirty-seven percent of commercial farmers were member-users of marketing cooperatives and 49 percent were member-users of farm supply cooperatives.

The greatest proportion of commercial farmers holding cooperative membership was in the Northern Plains, among dairy farmers, and among those farmers with largest farm sales. The smallest proportion holding membership was in the South Central region and among those with smaller farm sales.

Twenty-nine percent of all commercial farmers neither held membership in nor patronized any marketing/farm supply cooperative in 1980.

Key words: Farm cooperatives, marketing cooperatives, farm supply cooperatives, cooperative membership, commercial farmers.

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Preface

This study describes the major characteristics of farmer members of marketing/farm supply cooperatives who in 1980 had annual gross farm sales of \$10,000 or more. The study should be useful to cooperative leaders and others developing cooperative programs to serve this type of farmer. It provides information on memberships in general for these farmers, proportion of members and nonmembers using marketing/farm supply cooperatives, nonmember patrons, and memberships held by other than the principal commercial farm operator. The information is presented by region, farm type, and farm size. Similar information for three major farm types—cash grain, dairy, and livestock—is shown in the appendix.

The focus is on membership in and use of marketing/farm supply cooperatives of just the 1.2 million commercial farmers with sales of \$10,000 and more. Excluded are about 1.2 million farmers who have sales of less than \$10,000, as well as all others engaged in farming but who are not members of cooperatives. Also excluded are those holding membership but were retired or not farming at the time of the survey, and landlords who rented farmland on a share basis and hold cooperative membership because they marketed their share of farm productions or purchased their share of farm supplies cooperatively. (See definitions in appendix.)

The report is based on special questions included in the June 1981 Acreage and Livestock Enumerative Survey conducted by the Statistical Reporting Service (see appendix). About 17,000 farmers were interviewed in person for the information summarized here.

Because of the size of the survey and the small staff available to compile the information, more than two years was needed to produce the final product. In addition, no previous information was available to use as a basis for the current publication.

Contents

HIGHLIGHTS	iii
Cooperative Membership and Use	1
Membership by Region, Farm Type, and Farm Size	4
Multiple Memberships	6
Distribution of Memberships	8
Membership in Marketing Cooperatives	9
Membership in Farm Supply Cooperatives	12
Nonparticipating Members	14
Nonmember Patrons	15
Nonmember Nonpatrons	19
Conclusions	19
APPENDIX	20

Highlights

Fifty-seven percent of all commercial farmers, those with gross sales of \$10,000 and over, held membership in marketing/farm supply cooperatives in 1980. Another 14 percent patronized cooperatives as nonmember patrons. Of those commercial farmers who were members of a cooperative, nearly half held membership in two or more cooperatives.

Commercial farmers' membership in cooperatives was greatest in the Northern Plains, among dairy farmers, and among farmers with annual sales of \$100,000 and over.

Seventy-two percent of commercial farmers in the Northern Plains were members of cooperatives, compared with 68 percent in the Lake States.

For the three major types of farms, 75 percent of commercial dairy farmers were members of a cooperative, followed by 60 percent of cash grain, and 50 percent of livestock farmers.

For all types of commercial farmers, the level of cooperative membership increased with the size of the farm—from 44 percent for farmers with sales of \$10,000 to \$19,999, to 69 percent for those with sales of \$100,000 and over.

Thirty-seven percent of commercial farmers held membership in and used marketing cooperatives, with the greatest concentration among cash grain farmers in the Northern Plains and dairy farmers in the Lake States. Another 6 percent used marketing cooperatives but did not hold membership.

The low level of cooperative marketing activity among commercial farmers in the Eastern, South Central, and Western regions appears to be associated with either a diverse agriculture or large numbers of small farms in a trade area. Such situations may result in insufficient volume of a particular commodity to support a marketing cooperative.

Forty-nine percent of all commercial farmers held membership in and used farm supply cooperatives. An additional 13 percent patronized those cooperatives as nonmember patrons. Thus, farm supply cooperatives served 62 percent of all commercial farmers, while marketing cooperatives served 43 percent.

Twenty-nine percent of all commercial farmers held no cooperative membership and did no business with cooperatives in 1980. The least involvement was in the South Central region; among those classified as other than cash grain, dairy, and livestock; and among the smaller commercial farmers.

Marketing and Farm Supply Cooperatives:

Commercial Farmer Membership and Use, 1980

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Half of the Nation's 2.4 million farmers have annual gross sales of \$10,000 and over.¹ In 1980, these commercial farmers accounted for about 95 percent of total farm sales and presumably purchased most of the farm production inputs. Because of this, their membership in and use of cooperatives and their attitudes and opinions toward the cooperative form of business strongly influences the structure, location, type, and effectiveness of marketing and farm supply cooperatives throughout the Nation.²

Cooperative Membership and Use

About 675,000, or 57 percent, of the estimated 1.2 million active resident commercial farm operators³ held membership in one or more marketing/farm supply cooperatives in 1980. These farmers collectively held 1.2 million memberships, for an average of 1.76 memberships each. Another 165,000, or 14 percent of commercial farmers used these cooperatives as nonmember patrons. Thus, 71 percent of all commercial farmers were either member or nonmember patrons of at least one marketing/farm supply cooperative in 1980 (table 1).

¹These farmers are defined as commercial farmers in this report to distinguish them from the 1.2 million farmers with annual gross sales of less than \$10,000. Hawaii and Alaska are excluded in this study.

²See definitions of cooperative types in the appendix.

³A resident commercial farm operator is the principal member of a commercial farming enterprise. In a partnership, the resident commercial farm operator is the person making day-to-day decisions. In this report, these operators are referred to as "commercial farmers" while all other resident farm operators are "other farmers."

Table 1—Commercial farmers reporting cooperative membership and nonmember patronage, 1980

Category	Members	Nonmember patrons	Total
<i>Percent</i>			
Region:			
Eastern	53	17	70
Lake States	68	12	80
Corn Belt	59	15	74
Northern Plains	72	9	81
South Central	36	12	48
Western	48	14	62
Farm type:			
Cash grain	60	15	75
Dairy	75	11	86
Livestock	50	15	65
Other	45	13	58
Farm size:			
\$ 10,000 - \$19,999	44	17	61
\$ 20,000 - \$39,999	51	15	66
\$ 40,000 - \$99,999	61	13	74
\$100,000 and over	69	10	79
Average	57	14	71

Note: For additional information by major farm types see appendix tables 1, 2, and 3.

An additional 330,000 memberships were held by partners and/or other family members involved in commercial farming operations.

The 1.2 million memberships held by commercial farmers and the 330,000 memberships held by their partners and family members constitute nearly 80 percent of all cooperative memberships held by all farmers, partners, and family members. Two-thirds of the memberships held by those operating commercial farms were held by those associated with the largest commercial farms—sales of \$40,000 and over (fig. 1)—while 88 percent were held by those associated with the three major farm types—cash grain, dairy, and livestock (fig. 2).

Figure 1

Cooperative memberships held by commercial farmers, partners, and family members, by farm size, 1980

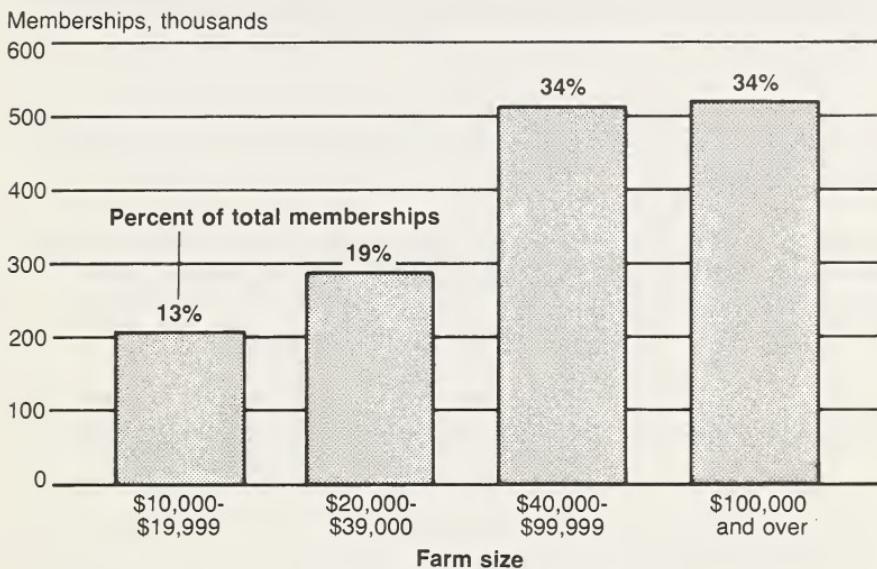
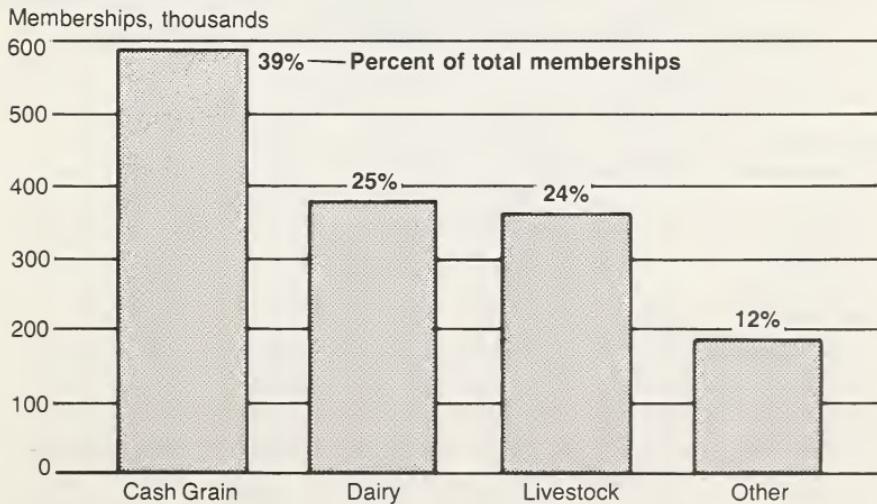


Figure 2

Cooperative memberships held by commercial farmers, partners, and family members, by farm type, 1980



Membership by Region, Farm Type, and Farm Size

Commercial farmers had the highest proportion of cooperative membership in the Northern Plains⁴ and Lake States (72 and 68 percent), among dairy farmers (75 percent), and farmers with sales of \$100,000 and over (69 percent) (table 2).

Lowest level of membership among commercial farmers was in the South Central region, among "other" and livestock farmers and those with sales under \$20,000.

Regionally, cooperative membership was greatest among commercial dairy farmers in the Lakes States (79 percent) and cash grain farmers in the Northern Plains (76 percent). Membership was lowest for commercial livestock farmers in the South Central region (26 percent).

In absolute numbers, most cooperative membership held by commercial farmers, their partners, and family members were in the Corn Belt and

⁴See figure 3 for States in each region and appendix tables 28 and 29 for number of commercial farmers by region, type, and size.

Table 2—Commercial farmers holding cooperative membership by region, farm type, and size, 1980

Category	Lake Eastern States	Corn Belt	Northern Plains	South Central	United Western	United States
<i>Percent</i>						
Farm type:						
Cash grain	49	61	57	76	44	59
Dairy	74	79	72	71	70	72
Livestock	47	58	62	68	26	34
Other	45	53	41	54	37	47
Farm size:						
\$ 10,000-\$19,999	44	53	45	63	24	34
\$ 20,000-\$39,999	52	59	48	67	36	44
\$ 40,000-\$99,999	60	74	60	75	35	51
\$100,000 and over	61	80	74	81	52	57
Average	53	68	59	72	36	48
						57

Figure 3

Commercial and all farms, by region, 1980 (1,000).

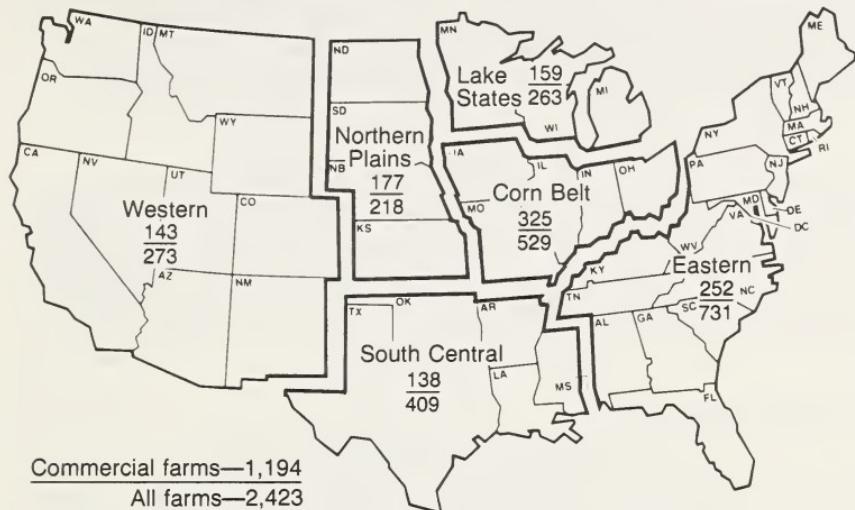
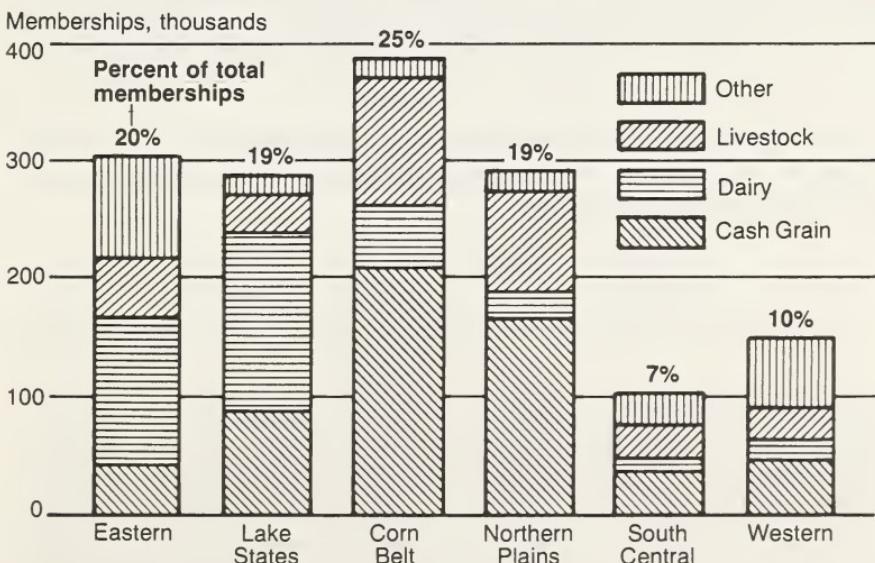


Figure 4

Cooperative memberships held by commercial farmers, their partners and family members, by region and farm type, 1980.



Eastern regions. Cash grain farmers accounted for most in the Corn Belt and dairy farmers most in the Eastern region (fig. 4).

For all types of commercial farmers, level of cooperative membership increased with increasing farm size (table 3). Highest level of cooperative membership was among commercial dairy farmers with sales of \$100,000 and over (85 percent).

The pattern of cooperative membership among farmers too small to be classified as commercial was similar to that of commercial farmers but at a far lower rate. For example, both small and large farm operators as well as the different types of farmers located in the Northern Plains and Lake States were generally reporting a higher level of cooperative membership than similar farmers in the South Central.

Multiple Memberships

Of those commercial farmers who were members of cooperatives, nearly half (49 percent) reported multiple memberships (table 4). This compared with just 21 percent for farmer-members with sales of under \$10,000. Those multiple memberships ranged from a low of 40 percent for commercial farmer members in the Western region to 65 percent for those in the Lake States.

Highest level of cooperative membership was among commercial dairy farmers (75 percent) with 63 percent of these cooperative members holding two or more memberships. In contrast, 50 percent of commercial livestock

Table 3—Commercial farmers holding cooperative membership by farm size and type, 1980

Type	\$10,000 - \$19,999	\$20,000 - \$39,999	\$40,000 - \$99,999	\$100,000 - and over	Average
<i>Percent</i>					
Cash grain	47	56	62	70	60
Dairy	60	63	76	85	75
Livestock	38	46	54	70	50
Other	45	41	49	45	45
Average	44	51	62	69	57

Table 4—Commercial farmers reporting number of cooperative memberships, 1980

Category	Memberships				Total
	1	2	3	4 or more	
<i>Percent</i>					
Region:					
Eastern	28	16	6	3	53
Lake States	24	22	12	10	68
Corn Belt	35	17	5	2	59
Northern Plains	30	26	10	6	72
South Central	21	10	3	2	36
Western	29	13	4	2	48
Farm type:					
Cash grain	30	19	7	4	60
Dairy	28	25	14	8	75
Livestock	29	15	4	2	50
Other	28	12	3	2	45
Farm size:					
\$ 10,000 - \$19,999	29	12	2	1	44
\$ 20,000 - \$39,999	29	15	5	2	51
\$ 40,000 - \$99,999	29	19	8	5	61
\$100,000 and over	29	24	10	6	69
Average	29	18	6	4	57

Note: For additional information by major farm types see appendix tables 4, 5, and 6.

farmers held cooperative memberships but only 42 percent reported multiple memberships.

The level of cooperative membership as well as the frequency of multiple memberships increased with size of farm. Commercial farmers with sales of \$10,000 to \$19,999 reported that 44 percent held membership while 34 percent had multiple memberships. At the largest farm size, \$100,000 and over, 69 percent held cooperative membership and 58 percent of these members reported multiple memberships.

Distribution of Memberships

Distribution among the regions of cooperative memberships held by commercial farmers is generally the same as other memberships (table 5). This is because commercial farmers hold nearly 80 percent of the memberships.

However, there are some significant differences in this distribution, when examined by farm type. Commercial dairy farmers held 26 percent of all the cooperative memberships held by commercial farmers. This compares with just 3 percent of memberships for dairy farmers in that group with sales of under \$10,000. In contrast, livestock farms are generally small. Two-thirds are classed in the noncommercial category and account for more than half the memberships held by farmers with sales under \$10,000 but only 24 percent of memberships held by commercial farmers.

Table 5—Distribution of cooperative memberships held by commercial farmers, 1980

Category	Cooperative membership Percent
Region:	
Eastern	20
Lake States	21
Corn Belt	25
Northern Plains	19
South Central	6
Western	9
Farm type:	
Cash grain	38
Dairy	26
Livestock	24
Other	12
Farm size:	
\$ 10,000 - \$19,999	14
\$ 20,000 - \$39,999	19
\$ 40,000 - \$99,999	34
\$100,000 and over	33
Total	100

Note: For additional information by major farm types see appendix tables 7, 8, and 9.

Fifty-five percent of all commercial farmers had sales of \$40,000 and over, and accounted for 67 percent of memberships. The smallest category of commercial farmers—those with sales of \$10,000 to \$19,999—account for 22 percent of commercial farmers and held 14 percent of commercial farmers' cooperative memberships.

Membership in Marketing Cooperatives

Some 37 percent of commercial farmers held membership in and used marketing cooperatives. This compares with just 8 percent of farmers with sales of under \$10,000. Commercial dairy farmers, with 55 percent, were high while "other" commercial farmers were low with 24 percent (table 6)⁵.

Farm size was important in determining whether a commercial farmer held membership in and used a marketing cooperative. For commercial farmers with sales of \$10,000 to \$19,999, only 24 percent reported cooperative marketing membership and use compared with 50 percent with sales of \$100,000 and over.

In all categories of farm types, the level of membership increased greatly

⁵The survey determined only whether farmers held membership and used marketing cooperatives, not whether the farm products they marketed were the principal commodities they produced.

Table 6—Commercial farmers holding membership in and using marketing cooperatives by farm size and type, 1980

Type	\$10,000 - \$19,999	\$20,000 - \$39,999	\$40,000 - \$99,999	\$100,000 - and over	Average
<i>Percent</i>					
Cash grain	30	41	46	53	43
Dairy	40	43	55	67	55
Livestock	18	21	31	45	28
Other	19	20	26	31	24
Average	24	31	42	¹ 50	37

¹Analysis of reports from farmers with sales of \$100,000 and over shows that the approximate proportion that held membership in and used marketing cooperatives was as follows: \$100,000 to \$199,999 — 51 percent; \$200,000 to \$499,000 — 49 percent; and \$500,000 and over — 39 percent.

with farm size, led by livestock farmers with a 150-percent increase. On the other hand, the highest level of marketing cooperative memberships (67 percent) was among commercial dairy farmers with sales of \$100,000 and over. This group had two-thirds more memberships than did those dairy farmers with sales of \$10,000-\$19,999.

For statistical purposes, very large farm operations—sales of \$100,000 to \$199,999, \$200,000 to \$499,999, and \$500,000 and more—were grouped with those with gross sales of at least \$100,000. However, analysis of large farm operators showed a decline in the level of cooperative memberships when compared with the level for all farmers in the sales range of at least \$100,000. This implies that more of the very large farm operators market farm products directly to noncooperative processors and purchase farm supplies directly from noncooperative manufacturers.

Except for the commercial farmers in the Northern Plains and Lake States, most (76 percent) who held membership in and used marketing cooperatives dealt with just one. In the Northern Plains and Lake States, more commercial farmers (35 percent) holding memberships in and using marketing cooperatives found it desirable or necessary to use two or more marketing cooperatives (table 7).

Also, 25 percent of the commercial dairy farmers holding marketing cooperative membership used two or more marketing cooperatives, as did more than a third of those commercial farmers with sales of \$100,000 and over.

The use of marketing cooperatives by commercial farmers varied widely among regions (table 8). A major reason appears to be the availability of the particular type of marketing cooperative. This, in turn, seems to reflect the lack of concentration of a particular type of farm along with, perhaps, a significant diversity in the type, species, or class of products produced. For example, there are about the same number of cash grain farms of all sizes but nearly eight times more grain marketing cooperatives in the Northern Plains than in the Eastern region. When compared to the Eastern region the average cash grain farm in the Northern Plains is twice as large. And they account for over half the Northern Plains farms, compared with only 14 percent of Eastern region farms. These characteristics of cash grain farmers in the two regions probably explain, in large measure, the successful efforts made to organize and operate grain marketing cooperatives in the Northern Plains and the difficulties of developing a similar successful cooperative program in the Eastern region. Likewise, significant diversity within a commodity is likely to hinder development of marketing cooperatives.

Table 7—Commercial farmers reporting number of cooperatives used to market their farm products, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Percent</i>				
Region:				
Eastern	21	4	1	26
Lake States	33	11	6	50
Corn Belt	29	8	2	39
Northern Plains	36	15	6	57
South Central	16	4	2	22
Western	23	4	2	29
Farm type:				
Cash grain	30	9	4	43
Dairy	40	11	4	55
Livestock	19	7	2	28
Other	19	4	1	24
Farm size:				
\$ 10,000 - \$19,999	20	3	1	24
\$ 20,000 - \$39,999	24	6	1	31
\$ 40,000 - \$99,999	29	9	4	42
\$100,000 and over	32	13	5	50
Average	26	8	3	37

Note: For additional information by major farm types see appendix tables 10, 11, and 12.

Table 8—Commercial farmers holding membership in and using marketing cooperatives, by region, and farm types, 1980

Category	Eastern	Lake States	Corn Belt	Northern Plains	South Central	United Western	United States
	<i>Percent</i>						
Cash grain	23	48	40	64	32	39	43
Dairy	49	63	50	58	53	52	55
Livestock	16	33	36	48	13	14	28
Other	19	25	19	27	24	31	24
Average	26	50	39	57	22	29	37

Membership in Farm Supply Cooperatives

More commercial farmers held membership in and used farm supply services of cooperatives (49 percent) than used cooperative marketing services (table 9). This was true for all types and sizes of commercial farms. The difference was most pronounced among the smaller farmers. Among commercial farmers with annual sales of \$10,000-\$19,999, just 24 percent held memberships in and used a marketing cooperative while 36 percent were members of and used a farm supply cooperative.

The contrast was not as great for the largest farms. The proportion of largest size commercial farmers who held membership in and used a farm supply cooperative was 59 percent. Membership in and use of marketing cooperatives by this group was 50 percent.

The most frequent use of farm supply cooperatives was among commercial dairy farmers in all categories, reaching the highest level of use (72 percent) among those with sales of \$100,000 and over.

The characteristics of commercial farmers who used two or more cooperatives in purchasing farm supplies were similar to the characteristics of those using two or more cooperatives to market their products. The most frequent use of two or more cooperatives to purchase farm supplies

Table 9—Commercial farmers holding membership in and using farm supply cooperatives, by size and farm type, 1980

Type	\$10,000 - \$19,999	\$20,000 - \$39,999	\$40,000 - \$99,999	\$100,000 - and over	Average
<i>Percent</i>					
Cash grain	40	50	56	63	53
Dairy	52	52	66	72	64
Livestock	33	41	50	65	46
Other	32	28	35	34	32
Average	36	44	54	59 ¹	49

¹Analysis of reports from commercial farmers with sales of \$100,000 and over shows that the approximate proportion that held membership in and used farm supply cooperatives was as follows: \$100,000 to \$199,999 — 61 percent; \$200,000 to \$499,000 — 61 percent; and \$500,000 and over — 48 percent.

occurred among commercial farmers in the Lake States and Northern Plains, among dairy farmers, and those with sales of \$100,000 and over (table 10).

Regional variation in the use of farm supply cooperatives was substantial and generally followed the pattern found in the use of marketing cooperatives. The membership in and use of farm supply cooperatives by the three major farm types was greatest in the Northern Plains region with the highest level found among the cash grain farmers in that region (71 percent). Farmers in the South Central region were generally the least likely to hold membership in and use farm supply cooperatives, with livestock farmers in that region reporting the lowest level of use (23 percent) (table 11).

Table 10—Commercial farmers reporting number of cooperatives used to purchase farm production supplies, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Percent</i>				
Region:				
Eastern	32	11	2	45
Lake States	29	20	10	59
Corn Belt	37	12	3	52
Northern Plains	41	18	8	67
South Central	21	6	2	29
Western	27	7	1	35
Farm type:				
Cash grain	35	14	4	53
Dairy	34	20	10	64
Livestock	32	11	3	46
Other	26	5	1	32
Farm size:				
\$ 10,000 - \$19,999	29	6	1	36
\$ 20,000 - \$39,999	31	11	2	44
\$ 40,000 - \$99,999	34	14	6	54
\$100,000 and over	35	17	7	59
Average	33	12	4	49

Note: For additional information by major farm types see appendix tables 13, 14, and 15.

Table 11—Commercial farmers holding membership in and using farm supply cooperatives, by region and farm type, 1980

Category	Eastern	Lake States	Corn Belt	Northern Plains	South Central	Western	United States
<i>Percent</i>							
Cash grain	45	57	49	71	36	50	53
Dairy	64	67	60	68	56	57	64
Livestock	43	52	57	64	23	31	46
Other	35	39	33	51	30	24	32
Average	45	59	52	67	29	35	49

Commercial dairy farmers' membership in and use of marketing and farm supply cooperatives was greatest among the three major farm types and was consistently high in all regions.

Nonparticipating Members

The great majority of commercial farmers holding cooperative memberships tended to patronize their cooperatives regularly. Farmers that did not patronize their cooperatives probably refrained because of crop failure, change in type of farming, and better deals elsewhere.

About 87,000, or 7 percent, of all cooperative memberships held by commercial farmers were in cooperatives with which they conducted no business in 1980 (table 12). The rate was 9 percent among noncommercial farmers.

Level of nonuse was fairly uniform for all regions and ranged from 6 percent in the Lake States and Western regions to 9 percent in the Corn Belt. Most unused memberships were in the Corn Belt (29 percent) and fewest in the South Central (5 percent).

Dairy farmers were the most likely to use their cooperatives. Only 4 percent of their memberships were identified as nonparticipating, compared with 8 percent or more for other types of commercial farmers. Commercial cash grain farmers accounted for 44 percent of the nonparticipating memberships and commercial livestock farmers, 26 percent.

Level of nonparticipation was greatest among the smallest commercial

Table 12—Cooperative memberships held by commercial farmers but not used in 1980

Category	Memberships not used	Distribution of unused memberships
<i>Percent</i>		
Region:		
Eastern	8	21
Lake States	6	17
Corn Belt	9	29
Northern Plains	8	21
South Central	7	5
Western	6	7
Farm type:		
Cash grain	8	44
Dairy	4	13
Livestock	8	26
Other	10	17
Farm size:		
\$ 10,000 - \$19,999	10	19
\$ 20,000 - \$39,999	7	19
\$ 40,000 - \$99,999	7	33
\$100,000 and over	4	29
Average/total	7	100

Note: For additional information by major farm types see appendix tables 16, 17, and 18.

farmers (10 percent) and least among the largest (4 percent). One-third of all nonparticipating memberships, however, were among those commercial farmers with annual sales of \$40,000 to \$99,999. Thus, large commercial farmers were more likely to hold cooperative membership (69 percent) than small ones (44 percent) and less likely to be nonparticipating members (4 percent) than the small ones (10 percent).

Nonmember Patrons

Commercial farmers patronizing cooperatives in which they held no membership can be placed into two broad groups—nonmember patrons of one cooperative holding membership in other cooperatives and nonmember patrons holding no cooperative membership anywhere.

When commercial farmers in the second group were added to those reporting cooperative membership and use, the proportion of commercial farmers served by cooperatives (71 percent) was shown distinctly.

About 125,000, or 11 percent, of all commercial farmers held membership in at least one cooperative and did business with other cooperatives as nonmembers (table 13). This compares with 3 percent for farmers with annual sales of less than \$10,000. Five percent of commercial farmers who

Table 13—Commercial farmers who held cooperative membership and dealt with other cooperatives on a nonmember patron basis, 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
			Percent
Region:			
Eastern	3	9	10
Lake States	6	12	14
Corn Belt	7	9	11
Northern Plains	7	10	12
South Central	4	7	8
Western	3	7	8
Farm type:			
Cash grain	6	10	11
Dairy	6	16	18
Livestock	5	8	9
Other	3	5	6
Farm size:			
\$ 10,000 - \$19,999	4	7	8
\$ 20,000 - \$39,999	5	8	9
\$ 40,000 - \$99,999	5	11	12
\$100,000 and over	7	11	13
Average	5	9	11

¹As a percentage of all commercial farmers.

NOTE: On the basis of cooperative membership, the proportion of cooperative members who dealt with other cooperatives as nonmember patrons was: For marketing, 11 percent; for purchasing, 16 percent; and for marketing and purchasing, 19 percent. For additional information by major farm types see appendix tables 19, 20, and 21.

held memberships marketed as nonmembers and 9 percent purchased on that basis.

Another 165,000, or 14 percent, of commercial farmers reported holding no cooperative memberships in 1980 but did some business with at least one cooperative as a nonmember (table 14). Among the noncommercial farmers, 18 percent held no cooperative membership but patronized a cooperative. Twice as many commercial farmers were nonmember patrons of cooperative farm supply services as marketing services. These nonmember commercial farmers were most frequently found in the Eastern and Corn Belt regions, among cash grain and livestock farms, and generally among the smaller farmers.

Table 14—Commercial farmers who held no cooperative membership but were nonmember patrons of cooperatives in 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	4	16	17
Lake States	5	11	12
Corn Belt	10	14	15
Northern Plains	5	9	9
South Central	5	11	12
Western	5	13	14
Farm type:			
Cash grain	9	13	15
Dairy	4	10	11
Livestock	5	14	15
Other	4	12	13
Farm size:			
\$ 10,000 - \$19,999	7	17	17
\$ 20,000 - \$39,999	7	14	15
\$ 40,000 - \$99,999	6	12	13
\$100,000 and over	5	9	10
Average	6	13	14

¹As a percentage of all commercial farmers.

Note: For additional information by major farm types see appendix tables 22, 23, and 24.

Farmers may patronize a cooperative but not hold membership for a number of reasons, including:

- Refusal to meet membership requirements, such as mandatory membership in another farm organization or purchase of voting stock;
- Desire to avoid tax consequences of noncash patronage refunds;
- Insufficient volume of business to qualify; or
- Desire for independence from organizational involvement.

Table 15—Commercial farmers who held no cooperative membership and patronized no cooperative, 1980

Category	Farm operators Percent
<hr/>	
Region:	
Eastern	30
Lake States	20
Corn Belt	26
Northern Plains	19
South Central	52
Western	38
Farm type:	
Cash grain	25
Dairy	14
Livestock	35
Other	42
Farm size:	
\$ 10,000 - \$19,999	39
\$ 20,000 - \$39,999	34
\$ 40,000 - \$99,999	26
\$100,000 and over	21
Total	29

Note: For additional information by major farm types see appendix tables 25, 26, and 27.

Nonmember Nonpatrons

Some 350,000, or 29 percent, of all commercial farmers neither held membership in nor patronized a cooperative in 1980 (table 15).

A significant regional difference existed in the proportion of commercial farmers that were both nonmembers and nonpatrons of cooperatives. In the South Central region, over half (52 percent) of commercial farmers reported they neither held membership in nor patronized a cooperative, compared with just 19 percent in the Northern Plains.

Of the three major farm types—cash grain, dairy, and livestock—only 14 percent of commercial dairy farmers reported no membership in or use of cooperatives compared with 35 percent for commercial livestock farmers.

There is also a direct relationship between commercial farmers who neither held membership in nor used cooperatives and the size of their farms. Thirty-nine percent of commercial farmers with annual sales of \$10,000-\$19,999 reported using no cooperative. This percentage declined for each larger size group to 21 percent for commercial farmers with sales of \$100,000 and over.

Conclusions

Marketing/farm supply cooperatives appear to be best suited to serve the needs of medium and large-scale farmers. Nearly 80 percent of all cooperative memberships by farm operators, their partners, and family members belong to those engaged in commercial farming. Further, two-thirds of the memberships in the commercial farm sector were held by farmers with sales of \$40,000 and over.

These findings suggest need for continued study and concern by cooperative management. Cooperatives should continue to seek ways to better serve farmers of all types and sizes. Because of the extensive involvement by commercial farmers essentially the backbone of the cooperative movement-management must continually assess the product and service needs of these farmers. They must also change the basic cooperative organizational structure and initiate policies and practices necessary to insure effective services to these farmers in the future.

Appendix

Definitions

Marketing/farm supply cooperative— Farmer cooperatives operating as marketing, farm supply, or both. Bargaining associations are counted as marketing cooperatives. Also included are cooperatives providing services related to marketing or furnishing farm supplies, such as cotton gins, rice dryers, and transportation cooperatives. These cooperatives usually provide for one vote per member, limited return on invested capital, and return of net margins to member patrons or all patrons on a patronage basis. They also obtain more than half their business from members.

Excluded from this study are cooperatives organized by farmers to provide production services, such as farm management, credit, fire insurance, electricity, and irrigation. Also excluded are cooperatives providing personal services and products, such as cooperative hospitals and medical clinics, burial societies, community (cooperative) water systems, and cooperative grocery stores.

Member patrons— Farmers who held membership in a marketing/farm supply cooperative and either marketed products through or purchased farm supplies from it in 1980.

Nonmember patrons— Farmers who held *no* membership in a marketing/farm supply cooperative but marketed products through or purchased farm supplies from a cooperative in 1980.

Nonmember nonpatron— Farmers who neither held membership in nor patronized a marketing/farm supply cooperative.

Farms— Places from which \$1,000 or more of agricultural products were sold during the previous year.

Commercial farms— Places from which \$10,000 or more of agricultural products were sold during the previous year.

Farm classification— Farms classified by their main source of gross revenue. In this study, they were grouped into four classifications—cash grain, dairy, livestock, and other.

Appendix table 1—Commercial cash grain farmers reporting cooperative membership and nonmember patronage, 1980

Category	Members	Nonmember patrons	Total
<i>Percent</i>			
Region:			
Eastern	49	22	71
Lake States	61	11	72
Corn Belt	57	16	73
Northern Plains	76	9	85
South Central	44	18	62
Western	59	17	76
Farm size:			
\$ 10,000 - \$19,999	47	17	64
\$ 20,000 - \$39,999	56	16	72
\$ 40,000 - \$99,999	62	15	77
\$100,000 and over	70	13	83
Average	60	15	75

Appendix table 2—Commercial dairy farmers reporting cooperative membership and nonmember patronage, 1980

Category	Members	Nonmember patrons	Total
<i>Percent</i>			
Region:			
Eastern	74	16	90
Lake States	79	10	89
Corn Belt	72	7	79
Northern Plains	71	9	80
South Central	70	4	74
Western	72	7	79
Farm size:			
\$ 10,000 - \$19,999	60	17	77
\$ 20,000 - \$39,999	63	14	77
\$ 40,000 - \$99,999	76	12	88
\$100,000 and over	85	7	92
Average	75	11	86

Appendix table 3—Commercial livestock farmers reporting cooperative membership and nonmember patronage, 1980

Category	Members	Nonmember patrons	Total
<i>Percent</i>			
Region:			
Eastern	47	20	67
Lake States	58	17	75
Corn Belt	62	14	76
Northern Plains	68	10	78
South Central	26	10	36
Western	34	20	54
Farm size:			
\$ 10,000 - \$19,999	38	19	57
\$ 20,000 - \$39,999	46	15	61
\$ 40,000 - \$99,999	54	12	66
\$100,000 and over	70	10	80
Average	50	15	65

Appendix table 4—Commercial cash grain farmers reporting number of cooperative memberships, 1980

Category	Memberships				Total
	1	2	3	4 or more	
<i>Percent</i>					
Region:					
Eastern	30	14	4	1	49
Lake States	21	20	12	8	61
Corn Belt	36	16	4	1	57
Northern Plains	31	27	10	8	76
South Central	20	15	7	2	44
Western	28	20	8	3	59
Farm size:					
\$ 10,000 - \$19,999	31	12	3	1	47
\$ 20,000 - \$39,999	30	19	5	2	56
\$ 40,000 - \$99,999	31	18	7	6	62
\$100,000 and over	29	25	11	5	70
Average	30	19	7	4	60

Appendix table 5—Commercial dairy farmers reporting number of cooperative memberships, 1980

Category	Memberships				Total
	1	2	3	4 or more	
<i>Percent</i>					
Region:					
Eastern	29	25	14	6	74
Lake States	26	24	16	13	79
Corn Belt	30	25	11	6	72
Northern Plains	21	33	13	4	71
South Central	38	21	9	2	70
Western	34	30	4	4	72
Farm size:					
\$ 10,000 - \$19,999	29	21	7	3	60
\$ 20,000 - \$39,999	29	22	9	3	63
\$ 40,000 - \$99,999	26	26	14	10	76
\$100,000 and over	30	28	18	10	86
Average	28	25	14	8	75

Appendix table 6—Commercial livestock farmers reporting number of cooperative memberships, 1980

Category	Memberships				Total
	1	2	3	4 or more	
<i>Percent</i>					
Region:					
Eastern	31	11	4	1	47
Lake States	22	23	4	8	57
Corn Belt	37	19	4	2	62
Northern Plains	31	24	9	4	68
South Central	17	7	1	1	26
Western	23	7	2	2	34
Farm size:					
\$ 10,000 - \$19,999	25	10	2	1	38
\$ 20,000 - \$39,999	29	12	3	2	46
\$ 40,000 - \$99,999	30	17	5	2	54
\$100,000 and over	32	24	8	6	70
Average	29	15	4	2	50

Appendix table 7—Distribution of cooperative memberships held by commercial cash grain farmers, 1980

Category	Cooperative membership
<i>Percent</i>	
Region:	
Eastern	7
Lake States	16
Corn Belt	34
Northern Plains	29
South Central	6
Western	8
Farm size:	
\$ 10,000 - \$19,999	12
\$ 20,000 - \$39,999	22
\$ 40,000 - \$99,999	36
\$100,000 and over	30
Total	100

Appendix table 8—Distribution of cooperative memberships held by commercial dairy farmers, 1980

Category	Cooperative membership
<i>Percent</i>	
Region:	
Eastern	32
Lake States	43
Corn Belt	13
Northern Plains	5
South Central	2
Western	5
Farm size:	
\$ 10,000 - \$19,999	6
\$ 20,000 - \$39,999	14
\$ 40,000 - \$99,999	44
\$100,000 and over	36
Total	100

Appendix table 9—Distribution of cooperative memberships held by commercial livestock farmers, 1980

Category	Cooperative membership	
	<i>Percent</i>	
Region:		
Eastern	15	
Lake States	10	
Corn Belt	33	
Northern Plains	26	
South Central	8	
Western	8	
Farm size:		
\$ 10,000 - \$19,999	20	
\$ 20,000 - \$39,999	20	
\$ 40,000 - \$99,999	27	
\$100,000 and over	33	
Total	100	

Appendix table 10—Commercial cash grain farmers reporting number of cooperatives used to market their farm products, 1980

Category	Memberships			Total
	1	2	3 or more	
Region:				
Eastern	18	4	1	23
Lake States	28	12	8	48
Corn Belt	31	8	1	40
Northern Plains	41	15	8	64
South Central	21	8	3	32
Western	25	9	5	39
Farm size:				
\$ 10,000 - \$19,999	25	4	1	30
\$ 20,000 - \$39,999	30	9	2	41
\$ 40,000 - \$99,999	30	11	5	46
\$100,000 and over	34	12	7	53
Average	30	9	4	43

Appendix table 11—Commercial dairy farmers reporting number of cooperatives used to market their farm products, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Region:</i>				
Eastern	39	7	3	49
Lake States	45	13	5	63
Corn Belt	32	14	4	50
Northern Plains	27	27	4	58
South Central	37	10	6	53
Western	48	2	2	52
<i>Farm size:</i>				
\$ 10,000 - \$19,999	37	3	(¹)	40
\$ 20,000 - \$39,999	32	8	3	43
\$ 40,000 - \$99,999	40	10	5	55
\$100,000 and over	45	18	4	67
Average	40	11	4	55

¹Less than 0.5 percent.

Appendix table 12—Commercial livestock farmers reporting number of cooperatives used to market their farm products, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Region:</i>				
Eastern	12	3	1	16
Lake States	24	7	2	33
Corn Belt	25	10	1	36
Northern Plains	32	13	3	48
South Central	10	2	1	13
Western	12	1	1	14
<i>Farm size:</i>				
\$ 10,000 - \$19,999	15	2	1	18
\$ 20,000 - \$39,999	16	4	1	21
\$ 40,000 - \$99,999	22	7	2	31
\$100,000 and over	26	14	5	45
Average	19	7	2	28

Appendix table 13—Commercial cash grain farmers reporting number of cooperatives used to purchase farm production supplies, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Region:</i>				
Eastern	35	9	1	45
Lake States	28	21	8	57
Corn Belt	37	11	1	49
Northern Plains	42	20	9	71
South Central	21	10	5	36
Western	37	11	2	50
<i>Farm size:</i>				
\$ 10,000 - \$19,999	32	7	1	40
\$ 20,000 - \$39,999	35	13	2	50
\$ 40,000 - \$99,999	35	16	5	56
\$100,000 and over	39	18	6	63
Average	35	14	4	53

Appendix table 14—Commercial dairy farmers reporting number of cooperatives used to purchase farm production supplies, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Region:</i>				
Eastern	38	18	8	64
Lake States	30	24	13	67
Corn Belt	33	18	9	60
Northern Plains	38	21	9	68
South Central	29	23	4	56
Western	34	21	2	57
<i>Farm size:</i>				
\$ 10,000 - \$19,999	31	15	6	52
\$ 20,000 - \$39,999	33	15	4	52
\$ 40,000 - \$99,999	33	22	11	66
\$100,000 and over	36	24	12	72
Average	34	20	10	64

Appendix table 15—Commercial livestock farmers reporting number of cooperatives used to purchase farm production supplies, 1980

Category	Memberships			Total
	1	2	3 or more	
<i>Region:</i>				
Eastern	32	9	2	43
Lake States	30	14	8	52
Corn Belt	39	14	4	57
Northern Plains	41	17	6	64
South Central	18	4	1	23
Western	25	5	1	31
<i>Farm size:</i>				
\$ 10,000 - \$19,999	27	6	1	34
\$ 20,000 - \$39,999	30	9	2	41
\$ 40,000 - \$99,999	36	11	4	51
\$100,000 and over	38	20	7	65
Average	32	11	3	46

Appendix table 16—Cooperative memberships held by commercial cash grain farmers but not used in 1980

Category	Memberships	Distribution of unused memberships
	not used	
<i>Region:</i>		
Eastern	12	10
Lake States	7	13
Corn Belt	10	41
Northern Plains	8	27
South Central	5	4
Western	5	5
<i>Farm size:</i>		
\$ 10,000 - \$19,999	11	16
\$ 20,000 - \$39,999	8	20
\$ 40,000 - \$99,999	8	35
\$100,000 and over	8	29
Average/total	8	100

Appendix table 17—Cooperative memberships held by commercial dairy farmers but not used in 1980

Category	Memberships not used	Distribution of unused memberships
<i>Region:</i>		
Eastern	3	28
Lake States	4	39
Corn Belt	7	23
Northern Plains	1	5
South Central	(¹)	(¹)
Western	4	5
<i>Farm size:</i>		
\$ 10,000 - \$19,999	3	5
\$ 20,000 - \$39,999	5	16
\$ 40,000 - \$99,999	5	57
\$100,000 and over	2	22
Average/total	4	100

¹Less than 0.5 percent.

Appendix table 18—Cooperative memberships held by commercial livestock farmers but not used in 1980

Category	Memberships not used	Distribution of unused memberships
<i>Region:</i>		
Eastern	9	16
Lake States	11	13
Corn Belt	6	26
Northern Plains	9	29
South Central	10	10
Western	5	6
<i>Farm size:</i>		
\$ 10,000 - \$19,999	10	25
\$ 20,000 - \$39,999	8	21
\$ 40,000 - \$99,999	7	23
\$100,000 and over	8	31
Average/total	8	100

Appendix table 19—Commercial cash grain farmers who held cooperative membership and dealt with other cooperatives on a nonmember patron basis, 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	5	10	10
Lake States	4	7	9
Corn Belt	7	9	10
Northern Plains	9	12	14
South Central	6	10	11
Western	4	11	13
Farm size:			
\$ 10,000 - \$19,999	5	8	9
\$ 20,000 - \$39,999	6	9	10
\$ 40,000 - \$99,999	6	9	11
\$100,000 and over	9	14	15
Average	6	10	11

¹As a percentage of all commercial cash grain farmers.

Note: On the basis of cooperative membership, the proportion of cooperative members who dealt with other cooperatives as nonmember patrons was: For marketing, 11 percent; for purchasing, 16 percent; and for marketing and/or purchasing, 19 percent.

Appendix table 20—Commercial dairy farmers who held cooperative membership and dealt with other cooperatives on a nonmember patron basis, 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	4	16	17
Lake States	8	18	22
Corn Belt	10	21	21
Northern Plains	(²)	2	2
South Central	(²)	9	9
Western	5	11	12
Farm size:			
\$ 10,000 - \$19,999	4	16	17
\$ 20,000 - \$39,999	4	17	17
\$ 40,000 - \$99,999	7	18	20
\$100,000 and over	7	13	16
Average	6	16	18

¹As a percentage of all commercial dairy farmers.

NOTE: On the basis of cooperative membership, the proportion of cooperative members who dealt with other cooperatives as nonmember patrons was: For marketing, 8 percent; for purchasing, 22 percent; and for marketing and/or purchasing, 24 percent.

²Less than 0.5 percent.

Appendix table 21—Commercial livestock farmers who held cooperative membership and dealt with other cooperatives on a nonmember patron basis, 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	3	8	9
Lake States	2	4	5
Corn Belt	7	8	10
Northern Plains	6	9	11
South Central	4	7	7
Western	2	6	7
Farm size: .			
\$ 10,000 - \$19,999	3	7	8
\$ 20,000 - \$39,999	5	7	8
\$ 40,000 - \$99,999	5	9	9
\$100,000 and over	7	9	11
Average	5	8	9

¹As a percentage of all commercial livestock farmers.

Note: On the basis of cooperative membership, the proportion of cooperative members who dealt with other cooperatives as nonmember patrons was: For marketing, 9 percent; for purchasing, 15 percent; and for marketing and/or purchasing, 17 percent.

Appendix table 22—Commercial cash grain farmers who held no cooperative membership but were nonmember patrons in 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	8	20	22
Lake States	6	9	11
Corn Belt	11	14	16
Northern Plains	6	9	9
South Central	10	16	18
Western	10	15	17
Farm size:			
\$ 10,000 - \$19,999	10	15	16
\$ 20,000 - \$39,999	9	14	16
\$ 40,000 - \$99,999	10	13	15
\$100,000 and over	8	11	13
Average	9	13	15

¹As a percentage of all commercial cash grain farmers.

Appendix table 23—Commercial dairy farmers who held no cooperative membership but were nonmember patrons in 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	3	15	16
Lake States	5	9	10
Corn Belt	3	6	7
Northern Plains	3	9	9
South Central	(2)	4	4
Western	1	6	7
Farm size:			
\$ 10,000 - \$19,999	7	16	17
\$ 20,000 - \$39,999	5	13	14
\$ 40,000 - \$99,999	2	11	12
\$100,000 and over	3	6	7
Average	4	10	11

¹As a percentage of all commercial dairy farmers.

²Less than 0.5 percent.

Appendix table 24—Commercial livestock farmers who held no cooperative membership but were nonmember patrons in 1980¹

Category	Marketed	Purchased	Marketed and/or purchased
<i>Percent</i>			
Region:			
Eastern	3	19	20
Lake States	6	16	17
Corn Belt	9	14	14
Northern Plains	3	10	10
South Central	2	9	10
Western	5	19	20
Farm size:			
\$ 10,000 - \$19,999	5	19	20
\$ 20,000 - \$39,999	6	14	15
\$ 40,000 - \$99,999	4	11	12
\$100,000 and over	4	10	10
Average	5	14	15

¹As a percentage of all commercial livestock farmers.

Appendix table 25—Commercial cash grain farmers who held no cooperative membership and patronized no cooperative, 1980

Category	Cash grain farmers
Region:	Percent
Eastern	29
Lake States	28
Corn Belt	27
Northern Plains	15
South Central	38
Western	24
Farm size:	
\$ 10,000 - \$19,999	36
\$ 20,000 - \$39,999	28
\$ 40,000 - \$99,999	23
\$100,000 and over	17
Average	25

Appendix table 26—Commercial dairy farmers who held no cooperative membership and patronized no cooperative, 1980

Category	Dairy farmers
	Percent
Region:	
Eastern	10
Lake States	11
Corn Belt	21
Northern Plains	20
South Central	26
Western	21
Farm size:	
\$ 10,000 - \$19,999	23
\$ 20,000 - \$39,999	23
\$ 40,000 - \$99,999	12
\$100,000 and over	8
Average	14

Appendix table 27—Commercial livestock farmers who held no cooperative membership and patronized no cooperative, 1980

Category	Livestock farmers
	Percent
Region:	
Eastern	33
Lake States	25
Corn Belt	24
Northern Plains	22
South Central	64
Western	46
Farm size:	
\$ 10,000 - \$19,999	43
\$ 20,000 - \$39,999	39
\$ 40,000 - \$99,999	34
\$100,000 and over	20
Average	35

Appendix table 28—Commercial farms by region and type, 1980

Type	Eastern	Lake States	Corn Belt	Northern Plains	South Central	Western	United States
<i>Thousands</i>							
Cash grain	40	53	189	94	35	33	444
Dairy	63	70	29	12	7	11	192
Livestock	58	22	94	64	63	43	344
Other	91	14	13	7	33	56	214
Total	252	159	325	177	138	143	1,194

Appendix table 29—Commercial farms by region and size, 1980

Farm Size	Eastern	Lake States	Corn Belt	Northern Plains	South Central	Western	United States
<i>Thousands</i>							
\$ 10,000-\$19,999	79	34	53	28	41	26	261
\$ 20,000-\$39,999	59	33	73	45	33	32	275
\$ 40,000-\$99,999	68	57	107	59	34	36	361
\$100,000 and over	46	35	92	45	30	49	297
Total	252	159	325	177	138	143	1,194

Survey Questions

Now let me ask you some questions about farmer cooperatives. These questions concern membership in and use of farmers' marketing (including bargaining) and/or farm supply cooperatives. A member is defined as one who is entitled to vote for directors. (Include cooperative cotton gins, livestock shipping associations, cooperative rice driers, etc., as cooperatives to be counted.)

1. During 1980, were you a member of a farmer's marketing (including bargaining) and/or farm supply cooperative?

YES - Continue

NO - Go to item 5.

2. In how many of these cooperatives were you a member? (Include those in which you were a member, but did not do business with.)

3. Of the (item 2) cooperatives in which you were a member in 1980:

a. How many did you use to market or bargain for your farm products?

b. From how many did you purchase farm production supplies and/or equipment?

4. How many of the (item 2) cooperatives did you NOT do business with in 1980?

5. In 1980 did you do business with any marketing, bargaining, and/or farm supply cooperatives of which you were NOT a member?

YES -Continue

NO - Go to item 6.

a. How many of these cooperatives did you use to market or bargain for your farm products?

b. From how many of these cooperatives did you purchase farm production supplies and/or equipment?

6. How many cooperative membership were held in 1980 by partners and/or other family members involved in this farming operation?



U.S. Department of Agriculture Agricultural Cooperative Service

Agricultural Cooperative Service (ACS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

ACS publishes research and educational materials and issues *Farmer Cooperatives* magazine. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.